

Message Text

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ACTION EA-14

INFO OCT-01 ISO-00 AEC-11 AID-20 CEA-02 CIAE-00 CIEP-02

COME-00 DODE-00 EB-11 FEA-02 FPC-01 H-03 INR-10

INT-08 L-03 NSAE-00 NSC-10 OMB-01 PM-07 RSC-01 SAM-01

SCI-06 SPC-03 SS-20 STR-08 TRSE-00 FRB-02 XMB-07

OPIC-12 LAB-06 SIL-01 PA-04 USIA-15 PRS-01 DRC-01

(ISO) W

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R 271005Z FEB 74

FM AMEMBASSY BANGKOK

TO SECSTATE WASHDC 1003

INFO AMEMBASSY PHNOM PENH

AMEMBASSY SAIGON

AMEMBASSY VIENTIANE

UNCLAS BANGKOK 3306

E.O. 11652: N/A

TAGS: ECON, EFIN, ENRG, TH

SUBJECT: PETROL PRICE INCREASES AND PRICE CONTROLS

1. PRESS REPORTS THAT CABINET ON FEBRUARY 26 AGREED TO SIGNIFICANT INCREASES IN RETAIL PRICES OF REFINED OIL PRODUCTS TO COMPENSATE FOR RISING COST OF CRUDE IMPORTS. THE NEW PRICES PER LITER WHICH BECAUSE EFFECTIVE IMMEDIATELY. FOLLOW. (PRICES ARE QUOTED IN BAHT (20,25 BAHT EQUALS US\$1) WITH FORMER PRICES LISTED IN PARENTHESES)

A. PREMIUM GASOLINE -3.62.(3,01)

B. REGULAR GASOLINE -3.43(2,82)

C. KEROSENE-2.41 (1,78)

D. HIGH SPEED DIESEL-2.33 (1,60)

E. LOW SPEED DIESEL-2,26 (1.53)

F. FUEL OIL-1,48-(0,75)

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2. ALTHOUGH RTG DID NOT ANNOUNCE INCREASE IN BUNKER OIL PRESS QUOTED AN ELECTRICITY GENERATING AUTHORITY OF THAILAND (EGAT) OFFICIAL AS STATING THAT RETAIL PRICE OF THIS PRODUCT HAD BEEN INCREASED FROM 398 TO 1,28 BAHT PER LITER RETROACTIVE TO FEB 1. THEN EGAT OFFICIAL ALSO WAS REPORTED AS SAYING THAT THIS TRIPLING IN PRICE OF BANKER FUEL WOULD INEVITABLY RESULT IN FORCING UP THE COST OF ELECTRICITY TO CONSUMERS BY AT LEAST FIFTY PERCENT.

3. CABINET ALSO REPORTEDLY DECIDED TO ESTABLISH "OIL PRICE EQUALIZATION FUND" (OPEF) WHICH PRESUMABLY WOULD USE SUBSIDIES TO SOFTEN FUTURE PRICE INCREASES WITHIN THE MINISTRY OF INDUSTRY. PROFITS WHICH WOULD ACCRUE TO OIL COMPANIES AND PETROL STATIONS IN SALE OF OLD STOCKS AT THE NEW PRICES REPORTEDLY ARE TO BE COLLECTED BY RTG FOR INITIAL FUNDING OF OPEF.

4. PRESS ALSO REPORTED THAT, IN EFFORT STEM INFLATIONARY PRESSURES, MINISTRY OF COMMERCE ON FEB 26. INSTITUTED PRICE CONTROLS ON 11 ITEMS CONSIDERED NECESSARY FOR MEETING DAILY NEEDS. I.E. MILK(CONDENSED, SWEETEND AND EVAPORATED) COOKING VEGATABLE OIL. SEASONING POWDER, DETERGENTS, CEMENT, NAILS, SHEET IRON (CORRUGATED AND GALVANIZED) PLYWOOD, STEEL BARS FOR CONSTRUCTION MATCHES AND COOKING GAS. THERE WAS SPECULATION THAT CONTROLS MAY ALSO BE EXTENDED TO OTHER ITEMS SUCH AS MEDICIENES. SOAP AND CLOTHES.

KINTNER

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